

# Smart Metering Systems plc

## The Smart Metering Systems plc Long Term Incentive Plan

*Shareholder  
approval: [●]*

*Plan expires: [●]*

# Table of contents

<b>1. Grant of Awards</b>	<b>1</b>
<b>2. Plan limits</b>	<b>2</b>
<b>3. Individual limit</b>	<b>3</b>
<b>4. Award Price</b>	<b>4</b>
<b>5. Performance Target and conditions</b>	<b>4</b>
<b>6. Malus</b>	<b>5</b>
<b>7. Clawback</b>	<b>6</b>
<b>8. Vesting of Awards (and exercise of Options)</b>	<b>9</b>
<b>9. Vesting of Awards (and exercise of Options) in special circumstances</b>	<b>12</b>
<b>10. Takeover and other corporate events</b>	<b>13</b>
<b>11. Exchange of Awards</b>	<b>16</b>
<b>12. Lapse of Awards</b>	<b>16</b>
<b>13. Adjustment of Awards on Reorganisation</b>	<b>17</b>
<b>14. Tax and social security withholding</b>	<b>17</b>
<b>15. Rights and listing of Plan Shares</b>	<b>18</b>
<b>16. Relationship of the Plan to contract of employment</b>	<b>18</b>
<b>17. Administration of the Plan</b>	<b>19</b>
<b>18. Amendment of the Plan</b>	<b>20</b>
<b>19. Notices</b>	<b>20</b>
<b>20. Governing law and jurisdiction</b>	<b>21</b>
<b>21. Interpretation</b>	<b>21</b>

## **1. Grant of Awards**

### **1.1. Awards granted by Grantor**

Subject to Rules 1.5, 1.6, 1.7 and 17.3, the Grantor may from time to time grant Awards to Eligible Employees.

### **1.2. Terms of Awards and Directors' Remuneration Policy limitations**

Subject to the Rules, the Grantor will in its absolute discretion decide whether or not any Awards are to be granted at any particular time and, if they are, to whom they are granted and the terms of such Awards. Where Awards are not granted by the Board, the terms must be approved in advance by the Board.

Where the Company has in place a Directors' Remuneration Policy approved by the Company in general meeting, the terms of an Award to be granted to an Eligible Employee who is a director of the Company must fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting. Such terms may include by way of example but without limitation any relevant individual limit in Rule 3 and any Performance Target set under Rule 5.

### **1.3. Procedure for grant of Awards and Award Date**

An Award shall be granted by the Grantor passing a resolution. The Award Date shall be the date on which the Grantor passes the resolution or any later date specified in the resolution and allowed by Rule 1.5. The grant of an Award shall be evidenced by a deed executed by or on behalf of the Grantor.

An Award Certificate shall be issued to each Award Holder as soon as reasonably practicable following the grant of the Award setting out details of the Award determined in accordance with Rule 1.4.

### **1.4. Terms and conditions set at grant**

The Grantor shall, at the time of grant, determine:

1. whether the Award comprises an Option or a Conditional Share Award;
2. the Award Date;
3. the number of Plan Shares subject to the Award or the basis on which the number of Plan Shares will be calculated;
4. the Award Price (if any);
5. the date or dates on which the Award will normally Vest and if more than one date is specified, the number or proportion of the Plan Shares subject to an Award which will normally Vest on each of those dates;
6. whether or not any dividend equivalents will be payable under Rule 8.9;
7. in the case of an Option, the Exercise Period;
8. any Performance Target and any condition imposed under Rule 5.1;
9. whether Rule 6 (Malus) and/or Rule 7 (Clawback) shall apply to the Award;
10. any other conditions of the Award; and

The Grantor may grant an Award in any number of tranches, where the terms (as referred to in this Rule) are different. In these circumstances, the Rules will be interpreted as if each tranche was a standalone Award.

### **1.5. When Awards may be granted**

Subject to Rule 1.6, the Grantor may grant Awards only during the 42 days beginning on:

1. the date of shareholder approval of the Plan;
2. the day after the announcement of the Company's results for any period through a Regulatory Information Service;
3. any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of Awards at that time; or
4. the day after the lifting of any Dealing Restrictions which prevented the grant of Awards during any of the times described above.

**1.6. *When Awards may not be granted***

Awards may not be granted:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of shareholder approval of the Plan.

**1.7. *Who can be granted Awards***

An Award may only be granted to an individual who is an Eligible Employee at the Award Date. Unless the Board decides otherwise, an Award will not be granted to an Eligible Employee who on or before the Award Date has given or received notice of termination of employment (whether or not lawful).

**1.8. *Confirmation of acceptance of Award***

The Grantor may require an Eligible Employee who is (or is to be) granted an Award to confirm their acceptance of the Rules and the terms of any Award granted to them by a specified date. Such confirmation will be in a manner and form set by the Grantor (which may require the Eligible Employee to confirm acceptance on a portal or execute a document). The Grantor may provide that the Award will lapse (and as a result be treated as never having been granted) if the confirmation of acceptance is not provided by the specified date, or provide that the Award will not Vest until they do so agree in writing.

**1.9. *Right to refuse Award***

An Award Holder may by notice in writing to the Company within 30 days after the Award Date state they do not want their Award in whole or part. In such a case, the Award shall to that extent be treated as never having been granted.

**1.10. *No payment for an Award***

An Award Holder shall not be required to make payment for the grant of an Award unless the Board determines otherwise. Where an Award Holder refuses their Award pursuant to the terms of Rule 1.9, no payment in connection with the refusal is required from the Award Holder or the Grantor.

**1.11. *Awards non-transferable***

An Award shall be personal to the Award Holder and, except in the case of the death of an Award Holder, an Award shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Award Holder purports to transfer, charge or otherwise alienate the Award.

**2. *Plan limits***

**2.1. *General***

The aggregate number of Plan Shares over which Awards may be granted shall be limited as set out in this Rule 2.

## **2.2. 10 per cent in 10 years**

An Award may not be granted if the result of granting the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Awards under the Plan; or
  2. options or awards granted under any other Employees' Share Scheme (whether or not discretionary) operated by the Group,
- would exceed 10 per cent of the Company's issued ordinary share capital at that time.

## **2.3. Calculation**

For the purpose of the limit contained in this Rule 2:

1. for as long as required by The Investment Association Principles of Remuneration treasury shares shall be included in the limit as if they were new issue shares;
2. there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed or been renounced;
3. there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Award or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group; and
4. any Plan Shares issued or issuable in relation to an Award, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group, shall be taken into account once only (when the Award is granted or the option is granted or the right awarded) and shall not fall out of account when the Award Vests, the option is exercised or other rights vest.

## **2.4. Scaling down**

If the granting of an Award would cause the limit in this Rule 2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded. If more than one Award is granted on the same Award Date, the number of Plan Shares which would otherwise be subject to each Award shall be reduced pro rata.

## **3. Individual limit**

### **3.1. General**

The number of Plan Shares over which Awards may be granted to any one Eligible Employee shall be limited as set out in this Rule 3.

### **3.2. Limit**

An Award must not be granted to an Eligible Employee if the result of granting the Award would be that, at the proposed Award Date, the Market Value of the Plan Shares subject to that Award, when aggregated with the Market Value of the Plan Shares subject to any other Award granted to them in the same Financial Year, would exceed 175% of their Annual Salary, subject to the Board determining that exceptional circumstances exist which justify the grant of an Award in excess of such limit in which case the limit shall be extended to not more than 250% of the relevant Eligible Employee's Annual Salary.

For the purpose of this Rule 3.2:

1. **Annual Salary** means the higher of:
  - a. basic salary paid by the Group expressed as an annual rate as at the Award Date; and

- b. basic salary paid by the Group for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award Date occurs.
2. The **Market Value** of Plan Shares subject to an Award shall be measured on the date on which that Award was granted or as an average over the 30 Dealing Days ending on the date on which the Award was granted.
3. Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Board may reasonably select.

### **3.3. *Scaling down***

If the grant of an Award would cause the limit in Rule 3.2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded.

## **4. *Award Price***

The Award Price (if any) shall be determined by the Grantor and may be any price.

Where the Grantor has determined that an Award will be satisfied by the issue of Plan Shares and the Award Price per Plan Share is less than the nominal value of a Plan Share, the Company will ensure that at the time of the issue of the Plan Shares arrangements are in place to pay up at least the nominal value of the relevant Plan Shares.

## **5. *Performance Target and conditions***

### **5.1. *Setting of Performance Target and conditions***

The Vesting of an Award and the extent to which it Vests will be subject to the satisfaction of any applicable Performance Target and any other conditions set by the Grantor on or before the Award Date.

The Grantor may in addition adjust the level of Vesting of an Award upwards or downwards (including for the avoidance of doubt to nil) after the application of any Performance Target and/or any other conditions set by the Grantor if in its opinion:

1. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Company, the Group or any Group Member(s); and/or
2. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Award Holder; and/or
3. there is any other factor or there are any other circumstances which would make the level of Vesting resulting from the application of the Performance Target and/or any other conditions inappropriate without adjustment.

### **5.2. *Nature of Performance Target and conditions***

Any Performance Target and any other condition imposed under Rule 5.1 shall be:

1. objective so far as possible; and
2. set out in, or attached in the form of a schedule to the Award Certificate

### **5.3. Substitution, variation or waiver of Performance Target and conditions**

The Grantor may waive or change any Performance Target and/or any condition imposed under Rule 5.1 in accordance with its terms.

If an event occurs which causes the Grantor to consider that any Performance Target and/or any other condition imposed under Rule 5.1 subject to which an Award has been granted is no longer appropriate, the Grantor may substitute, vary or waive that Performance Target and/or any other condition in such manner (and make such consequential amendments to the Rules) as:

1. is reasonable in the circumstances; and
2. except in the case of waiver, produces a fairer measure of performance and is not materially less difficult to satisfy than if the event had not occurred.

The Award shall then take effect subject to the Performance Target and/or any other condition as substituted, varied or waived.

### **5.4. Notification of Award Holders**

The Grantor shall, as soon as practicable, notify each Award Holder concerned of any determination made by it under Rule 5.3.

## **6. Malus**

This Rule 6 applies to any Award to which the Board has specified under Rule 1.4 that this Rule 6 applies.

Notwithstanding any other provision of the Rules, the Board may, at (or at any time before) the Vesting of an Award to which this Rule 6 applies, cancel or reduce the number of Plan Shares subject to an Award in whole or in part (including, for the avoidance of doubt, to nil) or impose additional conditions on the Award in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
2. the assessment of any Performance Target or condition in respect of an Award was based on error, or inaccurate or misleading information; and/or
3. the discovery that any information used to determine the number of Plan Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
4. action or conduct of an Award Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
5. events or behaviour of an Award Holder have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Board is satisfied that the relevant Award Holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
6. a material failure of risk management of the Company, a Group Member or a business unit of the Group; and/or
7. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

In determining any reduction which should be applied under this Rule 6, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction under this Rule 6 may be applied on an individual basis as determined by the Board. Whenever a reduction is made under this Rule 6, the relevant Award shall be treated as having lapsed to that extent.

## **7. Clawback**

### **7.1. Trigger Events**

In this Rule 7, a **Trigger Event** means:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member for a period that was wholly or partly before the end of the period over which the Performance Target applicable to an Award was assessed; and/or
2. in the case of an Award which is not subject to a Performance Target, discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member for a period that was wholly or partly before the end of the Vesting Period for that Award; and/or
3. the discovery that the assessment of any Performance Target or condition in respect of an Award was based on error, or inaccurate or misleading information; and/or
4. the discovery that any information used to determine the number of Plan Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
5. action or conduct of an Award Holder occurs or is discovered which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
6. events or behaviour of an Award Holder have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Board is satisfied that the relevant Award Holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them; and/or
7. a material failure of risk management of the Company, a Group Member or a business unit of the Group occurs or is discovered; and/or
8. the Company or any Group Member or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of Plan Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the Award Holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

### **7.2. Application**

This Rule 7 applies to any Award to which the Board has specified under Rule 1.4 that this Rule 7 applies.

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Award to which this Rule 7 applies a Trigger Event occurs, then:

1. Rules 7.3 to 7.7 and 7.9 shall apply; and
2. where the Award takes the form of an Option and the Award Holder has not exercised such Option, Rule 7.8 shall also apply.

If an investigation into the conduct or actions of any Award Holder or any Group Member has started before the second anniversary of Vesting of an Award, the Board may, in its absolute discretion, determine that the provisions of Rules 7.3 to 7.9 may be applied to an Award until such later date as the Board may determine to allow that investigation to be completed.



### **7.3. Clawback methods**

Where Rule 7.2 applies, the Board may in its absolute discretion require the relevant Award Holder to:

1. transfer to the Company (or, if required by the Company, any other person specified by the Company) all or some of the Plan Shares acquired by the Award Holder (or their nominee) pursuant to the Vesting of the Award or, in the case of an Award which is an Option, the exercise of that Option); and/or
2. pay to the Company (or if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the proceeds of sale or, in the event of a disposal of the Plan Shares at a price which the Board reasonably determines was less than market value at the time of disposal and where the disposal was not made at arm's length, an amount equivalent to the market value (as reasonably determined by the Board) at the time of disposal of all or some of the Plan Shares acquired pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
3. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Award paid to or for the benefit of the Award Holder; and/or
4. pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of any benefit or value derived from or attributable to the Plan Shares referred to in paragraph 1 above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Board may reasonably direct,, less in each case the amount of tax and social security contributions actually paid (or due to be paid) by the Award Holder in respect of the acquisition of the Plan Shares and/or payment of cash in respect of an Award.

### **7.4. Award Holder's obligation to recover tax**

In addition to the obligation of the Award Holder as described above, the Award Holder shall use their best endeavours to seek and obtain repayment or credit from HMRC or any relevant overseas tax authority of the tax and social security contributions paid on the Award Holder's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment from HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Award Holder to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority).

### **7.5. Authorisation of deductions**

By accepting the grant of an Award, the Award Holder authorises the Company or such other Group Member as may be the employer of the Award Holder to make deductions from any payment owing to them including but not limited to salary, bonus, holiday pay or otherwise in respect of any sum which would otherwise be payable by the Award Holder under this Rule 7.

### **7.6. Timing of transfers, payments and repayments**

Any transfers, payments or repayments to be made by the Award Holder under this Rule 7 shall be made within 30 days of the date the Award Holder is notified in writing of the transfer required or the amount due, as appropriate.

### **7.7. Additional methods of effecting clawback**

In addition to or in substitution for the actions described above that the Board may take under Rule 7.3 (the **Actions**), the Board may:

1. reduce the amount (including, for the avoidance of doubt, to nil) of any future bonus payable to the Award Holder; and/or

2. determine that the number of Plan Shares over which an award or right to acquire Plan Shares that may otherwise be granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 or 3 of ITEPA 2003) shall be reduced by such number as the Board may determine (including for the avoidance of doubt to nil); and/or
3. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any award or right to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) before the date on which the relevant award or right vests or becomes exercisable by such number as the Board may determine; and/or
4. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any option to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) which has vested but not yet been exercised by such number as the Board may determine,  
provided that the total amount represented by:
  - a. reductions under this Rule 7.7;
  - b. reductions under Rule 7.8; and
  - c. the amount represented by any transfer and any amount or value payable under Rule 7.3,shall not, in the Board's reasonable opinion, exceed the amount represented by any transfer and any amount or value which would have been due if the Board had only carried out the Actions.

#### **7.8. Reduction of unexercised Option**

Where Rule 7.2 applies and the Award takes the form of an Option which the Award Holder has not exercised in full, the Board may in its absolute discretion reduce the number of Plan Shares which remain subject to such Option (including, for the avoidance of doubt, to nil). In addition to or in substitution for reducing such Option, the Board may take any of the actions set out in Rules 7.7.1 to 7.7.4 provided that the total amount represented by reductions under Rules 7.7.1 to 7.7.4 and any reduction of the Option under this Rule 7.8 shall not, in the Board's reasonable opinion, exceed the amount which would have been represented by the reduction of the Option only.

#### **7.9. General provisions**

In carrying out any action under this Rule 7, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any action carried out under this Rule 7 may be applied on an individual basis as determined by the Board. Whenever a reduction of an award, right to acquire Plan Shares or option is made under this Rule 7, the relevant award, right to acquire Plan Shares or option shall be treated to that extent as having lapsed.

#### **7.10. Interaction with other plans**

The Board may determine at any time to reduce the number of Plan Shares subject to an Award (including, for the avoidance of doubt, to nil) either:

1. to give effect to one or more provisions of any form which are equivalent to those in Rule 7 (**Clawback Provisions**) contained in any Employees' Share Scheme operated by any Group Member (other than the Plan) or any bonus or incentive plan operated by any Group Member; or
2. as an alternative to giving effect to any such Clawback Provisions.

The value of any reduction under Rule 7.10.1 shall be determined in accordance with the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus or incentive plan as interpreted by the Board in its absolute discretion.

The value of any reduction under Rule 7.10.2 shall be determined as if the terms of the relevant Clawback Provisions in the relevant Employees' Share Scheme or bonus or incentive plan applied as interpreted by the Board in its absolute discretion.

## **8. Vesting of Awards (and exercise of Options)**

### **8.1. Earliest date for Vesting of Awards**

Subject to Rules 5, 6, 7, 9 and 10, an Award will Vest on the later of:

1. the relevant date specified under Rule 1.4.5; and
2. the date on which the Board determines that the Performance Target and/or any other conditions imposed under Rule 5.1 or Rule 1.4.11 have been satisfied.

The Grantor may determine that Vesting of the Award shall be delayed until any relevant investigation or other procedure relevant to an event falling within the scope of Rule 6 or Rule 7.10 has been completed.

The Grantor may in addition adjust the level of Vesting of an Award upwards or downwards (including for the avoidance of doubt to nil) after the application of any Performance Target and/or any other conditions set by the Grantor if in its opinion:

- a. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Company, the Group or any Group Member(s); and/or
- b. the level of Vesting resulting from the application of the Performance Target and/or any other conditions is not a fair and accurate reflection of the performance of the Award Holder; and/or
- c. there is any other factor or circumstances which would make the level of Vesting resulting from the application of the Performance Target and/or any other conditions inappropriate without adjustment.

### **8.2. Effect of Award Vesting**

Subject to the Rules, the effect of an Award Vesting shall be:

1. in the case of an Option, that the Award Holder is entitled to exercise the Option at any time during the Exercise Period to the extent that it has Vested; and
2. in the case of a Conditional Share Award, that the Award Holder shall become entitled to the Plan Shares to the extent that the Award has Vested.

### **8.3. No Vesting or exercise while Dealing Restrictions or Directors' Remuneration Policy restrictions apply**

Where the Vesting of an Award is prevented by any Dealing Restriction, the Vesting of that Award shall be delayed until the Dealing Restriction no longer prevents it. Plan Shares may not be issued or transferred to an Award Holder while Dealing Restrictions prevent such issue or transfer. In the case of an Option, the Option may not be exercised while Dealing Restrictions prevent such exercise.

Where the Company has in place a Directors' Remuneration Policy:

1. the Vesting of an Award held by an Award Holder who is or was a director of the Company;
2. the delivery of Plan Shares or payment of cash pursuant to the Vesting of an Award held by an Award Holder who is or was a director of the Company; and

3. in the case of an Option held by an Award Holder who is or was a director of the Company, the exercise of the Option

must where relevant fall within the scope of the Directors' Remuneration Policy most recently approved by the Company in a general meeting prior to the relevant event in paragraphs 1 to 3 above.

#### **8.4. *Effect of cessation of Relevant Employment***

Subject to Rule 9, an Award shall Vest and an Option may be exercised only while the Award Holder is in Relevant Employment and if an Award Holder ceases to be in Relevant Employment, any Award granted to them shall lapse on cessation. This Rule 8.4 shall apply where the Award Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Award Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

An Award Holder who has given or received notice of termination of Relevant Employment (whether or not lawful) may not exercise an Option during any period when the notice is effective and an Award granted to them shall not Vest during this period, unless the Board determines otherwise. If an Award would otherwise have Vested during this period, and the notice is withdrawn by the relevant party, subject to the Rules the Award will Vest when the notice is withdrawn.

#### **8.5. *Options may be exercised in whole or in part***

Subject to Rules 8.3, 8.4 and 14, a Vested Option may be exercised in whole or in part at any time. If exercised in part, the unexercised part of the Option shall not lapse as a result and shall remain exercisable until such time as it lapses in accordance with the Rules.

#### **8.6. *Procedure for exercise of Options***

An Option shall be exercised by the Award Holder giving notice to the Grantor (or any person appointed by the Grantor) in the form from time to time prescribed by the Board, which may include (for the avoidance of doubt) any electronic and/or online notification. Such notice shall specify the number of Plan Shares in respect of which the Option is being exercised, and be accompanied by either the Award Price (if any) in full or confirmation of arrangements satisfactory to the Grantor for the payment of the Award Price, together with any payment and/or documentation required under Rule 14 and, if required, the Award Certificate.

For the avoidance of doubt, the date of exercise of an Option shall be the later of the date of receipt of a duly completed valid notice of exercise (or any later date as may be specified in that notice of exercise) and the date of compliance with the requirements of the first paragraph of this Rule 8.6.

#### **8.7. *Issue or transfer of Plan Shares***

Subject to Rules 8.3, 8.8 and 14 and to any necessary consents and to compliance by the Award Holder with the Rules, the Grantor shall as soon as reasonably practicable and in any event not later than 30 days after:

1. the exercise date, in the case of an Option, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares specified in the notice of exercise and make available to the Award Holder, in the case of the partial exercise of an Option, an Award Certificate in respect of, or the original Award Certificate updated to show, the unexercised part of the Option; and
2. the Vesting of an Award, in the case of a Conditional Share Award, arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of the number of Plan Shares in respect of which the Award has Vested.

### **8.8. Net or cash settling**

Subject to Rule 14, the Grantor may on exercise of an Option:

1. make a cash payment (or procure that a cash payment is made) as soon as reasonably practicable following exercise of the Option to the Award Holder equal to the Gain on the date of exercise of the Option; or
2. arrange for the issue or transfer to the Award Holder (or a nominee specified or permitted by the Company) of Plan Shares with a Market Value equal to the Gain on the date of exercise of the Option (rounded down to the nearest whole Plan Share). The Award Holder shall not be required to make payment for these Plan Shares.

Subject to Rule 14, the Grantor may on the Vesting of a Conditional Share Award make a cash payment (or procure that a cash payment is made) as soon as reasonably practicable following Vesting to the Award Holder equal to the Market Value of the Plan Shares in respect of which the Conditional Share Award has Vested, less the Award Price (if any)

Where the Grantor settles an Award in the manner described in this Rule 8.8, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

### **8.9. Dividend equivalents**

An Award may include the right to receive an amount in Plan Shares or cash on or following Vesting equal in value to the dividends which were payable on the number of Plan Shares in respect of which the Award has Vested during the period between the Award Date and the date of Vesting (or in the case of an Option the number of Plan Shares subject to the Option shall be increased as at the date of Vesting by the relevant value in Plan Shares).

The Grantor may determine at its absolute discretion whether or not the method used to calculate the value of dividends shall assume that such dividends have been reinvested into Plan Shares, on such basis as the Grantor determines.

The Grantor may decide at any time not to apply this Rule 8.9 to all or any part of a special dividend or dividend in specie.

### **8.10. US Taxpayers**

Notwithstanding anything to the contrary contained in the Plan:

1. No Option may be exercised later than 2.5 calendar months after the end of the Taxable Year in which the Option first becomes no longer subject to a substantial risk of forfeiture (as that term is defined for purposes of section 409A of the US Internal Revenue Code), provided that the Option shall lapse on the date it would have lapsed had this rule not applied. The Rules of the Plan shall be interpreted accordingly.
2. A Conditional Share Award shall be settled as soon as practicable upon Vesting and in no event later than 2.5 calendar months after the end of the Taxable Year in which the Conditional Share Award is no longer subject to a substantial risk of forfeiture (as that term is defined for purposes of section 409A of the US Internal Revenue Code).
3. Any dividend equivalents must be paid within 2.5 calendar months after the end of the Taxable Year in which the underlying Award is no longer subject to a substantial risk of forfeiture (as that term is defined for purposes of section 409A of the US Internal Revenue Code).

For the purposes of this Rule 8.10, **Taxable Year** means the 12 month period in respect of which the Award Holder is obliged to pay US tax or, if it would result in a longer exercise period, the 12 month period in respect of which the Award Holder's employing company is obliged to pay tax. **US Taxpayer** means a person who is subject to taxation under the tax rules of the United States of America which does not include an Award Holder who is a non-resident alien throughout the period of participation in the Plan and who has no US workdays during such participation.

Awards under the Plan are intended to be exempt from the requirements of section 409A of the US Internal Revenue Code and shall be construed and operated in accordance with that intent.

## **9. Vesting of Awards (and exercise of Options) in special circumstances**

### **9.1. Death**

If an Award Holder dies, a proportion of each Award held by them which has not Vested will Vest immediately. The proportion of each Award which shall Vest shall be determined by the Board at its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of any Performance Target as at the date of death and any other conditions imposed under Rule 5.1.

Alternatively, the Board may decide that an Award held by the Award Holder which has not yet Vested will continue until the normal time of Vesting in which case any Performance Target and/or any other conditions imposed under Rule 5.1 shall be considered at the time of Vesting.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Award will Vest under this Rule 9.1), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of death as a proportion of the original Vesting Period.

In the case of an Option, if an Award Holder dies, their personal representatives (having established title to the satisfaction of the Company) shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the 12 month period following death, or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

### **9.2. Injury, disability, redundancy, retirement etc.**

If an Award Holder ceases to be in Relevant Employment by reason of:

1. injury, ill-health or disability evidenced to the satisfaction of the Board;
2. redundancy within the meaning of the Employment Rights Act 1996 (or any applicable equivalent overseas legislation) evidenced to the satisfaction of the Board;
3. retirement by agreement with the company by which they are employed;
4. the Award Holder being employed by a company which ceases to be a Group Member;
5. the Award Holder being employed in an undertaking or part of an undertaking which is transferred to a person who is not a Group Member; or
6. any other circumstances if the Board in its absolute discretion so decides in any particular case

any Award held by them which has not Vested will continue until the normal time of Vesting and any Performance Target and/or any other conditions imposed under Rule 5.1 shall be considered at the time of Vesting.

Alternatively, the Board may decide that an Award will Vest immediately in which case the proportion of the Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of any Performance Target as at the time of cessation and any other conditions imposed under Rule 5.1.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined that the Award will Vest under this Rule 9.2), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of cessation of Relevant Employment as a proportion of the original Vesting Period.



In the case of an Option, the Award Holder shall be entitled to exercise the Vested proportion of their Option (whether Vested under this Rule or otherwise) at any time during the period ending 6 months following cessation of Relevant Employment or, if later, following Vesting or, in either case, during such other longer period as the Board determines. The Option shall lapse at the end of such period.

### **9.3. Award Holder relocated abroad**

If it is proposed that an Award Holder, while continuing to be in Relevant Employment, should work in a country other than the country in which they are currently working and, by reason of the change, the Award Holder would:

1. suffer less favourable tax treatment in respect of their Award; or
2. become subject to a restriction on their ability to exercise an Option, to have issued or transferred to them the Plan Shares subject to an Award or to hold or deal in such Plan Shares or the proceeds of sale of such Plan Shares,

the Board may, in its absolute discretion, determine that an Award will Vest immediately either in full or to the extent determined by the Board in its absolute discretion and subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the period of time the relevant Award has been held and the extent to which any Performance Target and any other conditions imposed under Rule 5.1 have been met. Where the Award is an Option and has become Vested pursuant to this Rule 9.3, the Award Holder may exercise their Vested Option at any time during the period beginning from the later of the Board determination and 3 months before the proposed date of their transfer and ending 3 months after the date of their actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules.

### **9.4. Meaning of ceasing to be in Relevant Employment**

For the purposes of the Plan, an Award Holder shall not be treated as ceasing to be in Relevant Employment until they no longer hold any office or employment with any Group Member. In addition, unless the Board otherwise decides an Award Holder shall not be treated as so ceasing if within 7 days they recommence employment or become an office holder with any Group Member.

The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment (whether or not lawful).

### **9.5. Interaction of Rules**

In the case of an Option:

1. if the Option has become exercisable under Rule 9.2 and, during the period allowed for the exercise of the Option under Rule 9.2 the Award Holder dies, the period allowed for the exercise of the Option shall be the period allowed by Rule 9.1; and
2. if the Option has become exercisable under Rule 9 and, during the period allowed for the exercise of the Option under Rule 9, the Option becomes exercisable under Rule 10 also (or vice versa), the period allowed for the exercise of the Option shall end on the earlier of the end of the period allowed by Rule 9 and the end of the period allowed by Rule 10.

## **10. Takeover and other corporate events**

### **10.1. Takeover**

Subject to Rule 11, where a person obtains Control of the Company as a result of making an offer to acquire Plan Shares, Awards shall Vest on the date the person obtains Control as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 10.1 or otherwise) may be exercised at any time during the period of 6 months (or, if the Board determines a longer period shall apply, that period) beginning with the time when the person making the offer has obtained Control. The Option shall lapse at the end of such period unless the Board determines that a longer period for exercise shall apply, in which case the Option shall continue in force until the end of such extended period or until it otherwise lapses in accordance with the Rules.

If the extent of Vesting of an Award which Vests under this Rule 10.1 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 11 shall apply to the proportion of the Award reflecting such reduction which has not Vested.

#### **10.2. *Compulsory acquisition of shares in the Company***

Subject to Rule 11, if a person becomes entitled or bound to acquire shares in the Company under sections 979 to 982 of the Companies Act 2006, Awards shall Vest as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 10.2 or otherwise) may be exercised at any time during the period beginning with the date the person serves a notice under section 979 and ending 7 clear days before the date on which the person ceases to be entitled to serve such a notice. The Option shall lapse at the end of the 7 days.

If the extent of Vesting of an Award which Vests under this Rule 10.2 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 11 shall apply to the proportion of the Award reflecting such reduction which has not Vested.

#### **10.3. *Scheme of arrangement***

Subject to Rule 11, if a person proposes to obtain Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006 Awards shall Vest on the date of the court sanction as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 10.3 or otherwise) may be exercised at any time during the period of 6 months from the compromise or arrangement being sanctioned by the court. The Option shall lapse at the end of such period.

If the extent of Vesting of an Award which Vests under this Rule 10.3 has been reduced by the Board to reflect the period of time that the Award has been held by the Award Holder, the Board may determine that Rule 11 shall apply to the proportion of the Award reflecting such reduction which has not Vested.



#### **10.4. *Winding-up of the Company***

If notice is given of a resolution for the voluntary winding-up of the Company, Awards shall Vest on the date notice is given.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 10.4 or otherwise) may be exercised at any time during the period of 6 months from the date of the notice or, if earlier, on completion of the winding up. The Option shall lapse at the end of such period.

#### **10.5. *Demergers and other events***

The Board may determine that Awards Vest if it becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the Rules.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion subject to such conditions as it may require taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and having regard to any Performance Target and/or any other conditions imposed under Rule 5.1.

In the case of an Option, the Vested proportion of the Option (whether Vested under this Rule 10.5 or otherwise) may be exercised at any time during a period as shall be determined by the Board. The Option shall lapse at the end of such period.

#### **10.6. *Meaning of “obtains Control of the Company”***

For the purpose of Rule 10 a person shall be deemed to have obtained Control of the Company if they and others Acting In Concert with them have together obtained Control of it.

#### **10.7. *References to Board within this Rule 10***

For the purposes of this Rule 10, any reference in this Rule 11 to the Board shall be taken to be a reference to those individuals who were members of the Board immediately before the event by virtue of which this Rule 10 applies.

#### **10.8. *Notification of Award Holders***

The Grantor shall, as soon as reasonably practicable, notify each Award Holder of the occurrence of any of the events referred to in this Rule 10 and explain how this affects their position under the Plan.

#### **10.9. *Vesting of Awards in advance of a corporate event***

Where the Board is aware that an event is likely to occur under Rule 10:

1. in respect of which Awards will Vest in circumstances where the conditions for relief under Part 12 of the Corporation Tax Act 2009 may not be satisfied; or
2. if the Board in its absolute discretion considers it appropriate,

the Board may, in its absolute discretion and by notice in writing to all Award Holders, declare that all Awards that are expected to Vest as a result of the relevant event shall Vest (and in the case of any such Award which is an Option, shall be exercisable) in accordance with Rule 10 during such period as is determined by the Board prior to the relevant event and conditional upon the relevant event.

Where this Rule 11.9 is applied and the relevant event occurs, Options which have not been exercised prior to the relevant event shall lapse.

#### **10.10. Interaction with Rule 7 (Clawback)**

Where an event occurs under Rules 10.1 to 10.5 which:

- a. results in the Vesting of Awards; or
- b. would so result if there was any subsisting Award which had not already Vested or, in relation to an event referred to in Rule 10.5, if the Board had permitted Vesting of Awards under Rule 10.5 in relation to such event,

the Board may, at its absolute discretion, determine that Rule 7 (Clawback) shall only apply to such extent (if at all) that the Board determines to any Award which was granted on the basis that Rule 7 applied to that Award. Where the Board makes such a determination, it will specify which Awards such determination applies to (which may include Awards which have already Vested and Options which have already been exercised).

### **11. Exchange of Awards**

#### **11.1. Where exchange applies**

An Award will not Vest under Rule 10 but will be exchanged for a new award (**New Award**) under this Rule to the extent that:

1. an offer to exchange the Award for a New Award is made and accepted by the Award Holder; or
2. the Board, with the consent of the persons acquiring Control if relevant, decides that Awards will be automatically exchanged for New Awards. The circumstances in which the Board may make such a decision include (but are not limited to) where an event occurs under Rules 10.1, 10.2, or 10.3 and:
  - a. the shareholders of the acquiring company, immediately after it has obtained Control, are substantially the same as the shareholders of the Company immediately before the event; or
  - b. the obtaining of Control amounts in the opinion of the Board to a merger with the Company.

#### **11.2. Terms of exchange**

The following applies in respect of the New Award:

1. The Award Date of the New Award shall be deemed to be the same as the Award Date of the Award.
2. The New Award will be in respect of the shares in a company determined by the Board.
3. In the application of the Plan to the New Award, where appropriate, references to "Company" and "Plan Shares" shall be read as if they were references to the company to whose shares the New Award relates.
4. The New Award must be equivalent to the Award and subject to paragraph 5 below it will Vest at the same time and in the same manner as the Award.
5. Either the Vesting of the New Award must be subject to performance conditions and/or any other conditions which are so far as possible equivalent to any Performance Target and/or any other conditions applying to the Award or no performance conditions will apply but the value of shares comprised in the New Award shall have substantially the same value of the number of Plan Shares which would have Vested under Rule 10 as applicable.

### **12. Lapse of Awards**

Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

1. in the case of Options, the expiry of the Exercise Period;

2. the Board determining that any Performance Target and/or any other conditions imposed under Rule 5.1 has not been satisfied either in whole or in part in respect of the Award and can no longer be satisfied in whole or in part in which case the Award shall lapse to the extent that the Performance Target and/or any other conditions imposed under Rule 5.1 can no longer be satisfied;
3. subject to Rule 9, the Award Holder ceasing to be in Relevant Employment;
4. any date for lapse provided for under these Rules; and
5. the date on which the Award Holder becomes bankrupt or enters into a compromise with their creditors generally.

## **13. Adjustment of Awards on Reorganisation**

### **13.1. Power to adjust Awards**

In the event of a Reorganisation, the number of Plan Shares subject to an Award which is an Option or a Conditional Share Award, the description of the Plan Shares, the Award Price or any one or more of these shall be adjusted in such manner as the Grantor, together with the Board where relevant, shall determine.

### **13.2. Award Price**

No adjustment shall be made to the Award Price which would result in the Plan Shares subject to an Option or Conditional Share Award being issued at a price per Plan Share lower than the nominal value of a Plan Share except where the Grantor puts in place arrangements to pay up the nominal value at the date of issue of the Plan Shares (or the difference between the adjusted Award Price and the nominal value as the case may be).

### **13.3. Notification of Award Holders**

The Grantor shall, as soon as reasonably practicable, notify each Award Holder of any adjustment made under this Rule 13 and explain how this affects their position under the Plan.

## **14. Tax and social security withholding**

### **14.1. Withholdings and deductions**

1. The Award Holder will be responsible for all taxes, social security contributions and other liabilities arising in respect of the Award Holder's Awards.
2. Unless the Award Holder discharges any liability that may arise, the Grantor, the Company or any Group Member or former Group Member (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any liability to taxes or social security contributions in respect of such Award Holder's Awards, including, where applicable, Employer's NIC transferred under Rule 14.2.

### **14.2. Transfer of Employer's NIC**

The Grantor may, at its discretion and to the extent permitted by law, require the Award Holder to pay all or any part of the Employer's NIC in relation to an Award.

### **14.3. Execution of document by Award Holder**

The Grantor may require an Award Holder to execute a document in order to bind the Award Holder contractually to any such arrangement as is referred to in Rules 14.1 and 14.2 and return the executed document to the Company by a specified date. It shall be a condition of Vesting, and where applicable exercise, of the Award that the executed document be returned by the specified date unless the Grantor determines otherwise.

#### **14.4. Tax elections**

The Board may, at its discretion, determine that an Option may not be exercised and/or the Plan Shares subject to a Conditional Share Award may not be issued or transferred to the Award Holder (or for their benefit) unless the Award Holder has beforehand signed an election under Chapter 2 of Part 7 of ITEPA 2003 and/or section 165 of the Taxation of Chargeable Gains Act 1992 or entered into broadly similar local arrangements.

### **15. Rights and listing of Plan Shares**

#### **15.1. Rights attaching to Plan Shares**

All Plan Shares issued or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

#### **15.2. Listing and admission to trading of Plan Shares**

If and so long as Plan Shares are listed on the Official List and traded on the London Stock Exchange or traded on the Alternative Investment Market of the London Stock Exchange, the Company will apply for the listing and/or admission to trading of any Plan Shares issued under the Plan as soon as reasonably practicable.

### **16. Relationship of the Plan to contract of employment**

#### **16.1. Contractual provisions**

Notwithstanding any other provision of the Plan:

1. the Plan shall not form part of any contract of employment between any Group Member and an Eligible Employee;
2. unless expressly so provided in their contract of employment, an Eligible Employee has no right to be granted an Award and the receipt of an Award in one year (and the calculation of the Award Price in a particular way) is no indication that the Award Holder will be granted any subsequent Awards (or that the calculations of the Award Price will be made in the same or a similar way);
3. the Plan does not entitle any Award Holder to the exercise of any discretion in their favour;
4. the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Awards held by them) shall not form any part of their remuneration or count as their remuneration for any purpose and shall not be pensionable; and
5. if an Eligible Employee ceases to be in Relevant Employment for any reason, they shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Awards held by them which lapse by reason of their ceasing to be in Relevant Employment, whether lawfully or unlawfully) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise or anything analogous thereto in any jurisdiction.

#### **16.2. Deemed agreement**

By accepting the grant of an Award, an Award Holder is deemed to have agreed to the provisions of these Rules, including this Rule 16.

## **17. Administration of the Plan**

### **17.1. Responsibility for administration**

The Board (and the Grantor, where appropriate) shall be responsible for, and shall have the conduct of, the administration of the Plan. The Board may from time to time make, amend or rescind regulations for the administration of the Plan provided that such regulations shall not be inconsistent with the Rules.

### **17.2. Board's decision final and binding**

The decision of the Board shall be final and binding in all matters relating to the Plan, including but not limited to the interpretation of the Rules and the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

### **17.3. Grantor to consult with the Board**

Where the Grantor is not the Company and has granted, or proposes to grant, an Award, the Grantor shall consult with, and take into account the wishes of, the Board before making any determination or exercising any power or discretion under the Plan.

### **17.4. Discretionary nature of Awards**

All Awards shall be granted entirely at the discretion of the Grantor and the form and structure of all Awards, including for the avoidance of doubt the application and testing of any Performance Target, shall be entirely at the discretion of the Grantor.

### **17.5. Provision of information**

An Award Holder and, where the Grantor is not the Company, the Grantor shall provide to the Company or any Group Member as soon as reasonably practicable such information as the Company reasonably requests for the purpose of complying with its obligations under section 421J of ITEPA 2003 or similar requirements of tax legislation in any relevant jurisdiction.

### **17.6. Cost of the Plan**

The cost of introducing and administering the Plan shall be met by the Company. The Company shall be entitled, if it wishes, to charge an appropriate part of such cost and/or the costs of an Award to a Subsidiary or the Grantor.

### **17.7. Data protection**

1. For the purposes of operating the Plan, the Company's Privacy Notice - Employees (**Privacy Statement**) will inform the Award Holder whether their personal data is processed under the EU's General Data Protection Regulation (2016/679) (or any successor or implementing laws) (the **GDPR**). Where processing of the Award Holder's personal data is subject to the GDPR, the basis for processing such data is set out in the Privacy Statement.
2. Where processing of the Award Holder's personal data is not subject to the GDPR, personal data will be processed under the Award Holder's consent. In such circumstances, the Award Holder gives their consent to the holding, processing and transfer of personal data in relation to the Award Holder by or to the Company, the Grantor, any Group Member, the Trustees, any third party broker, registrar or administrator or any future purchaser of the Company or relevant Group Member employing the Award Holder for all purposes relating to the operation of the Plan and this consent shall include transferring or processing personal data to a country or territory that may not provide the same statutory protection for the information as the Award Holder's home country.

### **17.8. *Third party rights***

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Award Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these Rules.

## **18. *Amendment of the Plan***

### **18.1. *Power to amend the Plan***

Subject to Rule 18.2, the Board may from time to time amend the Rules (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

### **18.2. *Rights of existing Award Holders***

An amendment may not materially adversely affect the rights of an existing Award Holder except:

1. where the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a legal or regulatory requirement which the Board reasonably considers is relevant and requires an amendment to be made in order for any Group Member to comply with such requirement; or
2. where the Award Holder affected by the change has been notified of such amendment and the majority of Award Holders affected by the change who have responded to such notification have approved the amendment.

### **18.3. *Overseas plans***

The Board may at any time, without obtaining the approval of the Company in general meeting, establish further plans for overseas territories (by way of schedules to the rules or otherwise) based on the Plan, but modified to take account of local tax, exchange control or securities laws. Any Plan Shares made available under such plans must be treated as counting against any limits on individual or overall participation in the Plan.

## **19. *Notices***

### **19.1. *Notice by the Grantor***

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Grantor or to any person in connection with the Plan shall be deemed to have been duly given if delivered to them at their place of work, if they are in Relevant Employment, if sent by e-mail to such e-mail address as may be specified by them from time to time or, in the case of an Award Holder who remains in Relevant Employment, to such e-mail address as is allocated to them by any Group Member, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be their address and, if so sent, shall be deemed to have been duly given on the date of posting.

### **19.2. *Deceased Award Holders***

Save as provided for by law, any notice, document or other communication so sent to an Award Holder shall be deemed to have been duly given notwithstanding that such Award Holder is then deceased (and whether or not the Company has notice of their death) except where their personal representatives have established title to the satisfaction of the Company and supplied to the Company an e-mail or postal address to which notices, documents and other communications are to be sent.

### **19.3. Notice to the Grantor**

Save as provided for by law any notice, document or other communication given to the Grantor (or any relevant person appointed by the Grantor) in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary (or any relevant person appointed by the Grantor) at the Company's registered office (or such other e-mail or postal address as may from time to time be notified to Award Holders) but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

## **20. Governing law and jurisdiction**

### **20.1. Plan governed by English law**

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award granted under it shall be governed by English law.

### **20.2. English courts to have jurisdiction**

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

### **20.3. Jurisdiction agreement for benefit of the Company**

The jurisdiction agreement contained in this Rule 20 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

### **20.4. Award Holder deemed to submit to such jurisdiction**

By accepting the grant of an Award, an Award Holder is deemed to have agreed to submit to such jurisdiction.

## **21. Interpretation**

### **21.1. Definitions**

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

**Acting In Concert** has the meaning given to that expression in The City Code on Takeovers and Mergers in its present form or as amended from time to time;

**Award** means an Option or a Conditional Share Award granted under the Plan;

**Award Certificate** means a statement in a form, which may include an electronic form, determined by the Company setting out details of an Award which is an Option or a Conditional Share Award determined in accordance with Rule 1.4;

**Award Date** means the date on which an Award is granted in accordance with Rule 1.3;

**Award Holder** means an individual who holds an Award or, where the context permits, their legal personal representatives. Where relevant, Award Holder(s) shall include reference to former Award Holder(s);

**Award Price** means the amount (if any), expressed either as an amount per Plan Share or a total amount, payable in respect of the exercise of an Option or Vesting of a Conditional Share Award, determined in accordance with Rule 4;



**Board** means, subject to Rule 10.7, the board of directors of the Company or a duly authorised committee of it or a person duly authorised by the board of directors of the Company or such committee;

**Company** means Smart Metering Systems plc incorporated in England and Wales under company number SC367563;

**Conditional Share Award** means a conditional right under the Plan to acquire Plan Shares;

**Control** has the meaning given to it by section 995 of ITA 2007;

**Dealing Day** means any day on which the London Stock Exchange is open for the transaction of business;

**Dealing Restrictions** means any restrictions on dealing in shares imposed by legislation, regulation or any other code or guidance on share dealing adopted by the Company or with which the Company seeks to comply;

**Directors' Remuneration Policy** has the meaning given to it by section 422A(6) of the Companies Act 2006;

**Eligible Employee** means an individual who at the Award Date is an employee of a Group Member;

**Employees' Share Scheme** has the meaning set out in section 1166 of the Companies Act 2006;

**Employer's NIC** means employer's secondary class 1 National Insurance contributions liability or any local equivalent;

**Exercise Period** means the period set by the Board on the Award Date during which an Option may be exercised, ending no later than the 10th anniversary of the Award Date;

**Financial Conduct Authority** means the "competent authority" as that expression is defined in Part VI of the Financial Services and Markets Act 2000;

**Financial Year** means a financial year of the Company;

**Gain** means the difference between (i) the Market Value of a Plan Share on the date of exercise of an Option and (ii) the Award Price, multiplied by the number of Plan Shares in respect of which the Option is being exercised;

**Grantor** means:

1. in relation to an Award granted by the Company, the Board;
2. in relation to an Award granted by the Trustees, the Trustees; and
3. in relation to an Award granted by any other person which the Board authorises to grant an Award, that person;

**Group** means the Company and its Subsidiaries from time to time and **Group Member** shall be interpreted accordingly;

**HMRC** means Her Majesty's Revenue & Customs;

**ITA 2007** means the Income Tax Act 2007;



**ITEPA 2003** means the Income Tax (Earnings and Pensions) Act 2003;

**London Stock Exchange** means London Stock Exchange plc or any successor body;

**Market Value** on any day means:

1. if at the relevant time Plan Shares are listed on the Official List (or on any other recognised stock exchange within the meaning of section 1005 of ITA 2007 or the Alternative Investment Market of the London Stock Exchange), the closing middle market quotation of a Plan Share (as derived from the Daily Official List of the London Stock Exchange or the equivalent list or record for the recognised stock exchange on which the Plan Shares are listed) on the preceding Dealing Day or, if the Board so decides, the closing price of a Plan Share on the preceding Dealing Day; or
2. where Plan Shares are not so listed, the market value of a Plan Share calculated as described in the Taxation of Chargeable Gains Act 1992;

**Official List** means the list maintained by the Financial Conduct Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000 for the purposes of Part VI of that Act;

**Option** means a right to acquire Plan Shares granted under the Plan;

**Performance Target** means a performance target imposed as a condition of the Vesting of an Award under Rule 5.1 and as substituted or varied in accordance with Rule 5.3;

**Plan** means the Smart Metering Systems plc Long Term Incentive Plan as amended from time to time;

**Plan Shares** means ordinary shares in the capital of the Company (or any shares representing them);

**Regulatory Information Service** means a service that is approved by the Financial Conduct Authority on meeting the Primary Information Provider criteria and is on the list of Regulatory Information Services maintained by the Financial Conduct Authority (or any overseas equivalent);

**Relevant Employment** means employment with any Group Member;

**Reorganisation** means any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company;

**Rules** mean the rules of the Plan;

**Subsidiary** has the meaning set out in section 1159 of the Companies Act 2006;

**Trustees** means the trustees of any trust created by a Group Member which, when taken together with the Plan, constitutes an Employees' Share Scheme;

**Vest** means:

1. in relation to an Option, the Award Holder becoming entitled to exercise the Option; and
2. in relation to a Conditional Share Award, the Award Holder becoming entitled to have the Plan Shares issued or transferred to them (or to a nominee specified or permitted by the Company),

and **Vesting** and **Vested** shall be construed accordingly; and

**Vesting Period** means the period(s) from the Award Date to the normal date(s) of Vesting.

### **21.2. Interpretation**

In the Plan, unless otherwise specified:

1. save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail; and
2. the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.